

## Message Text

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15 R  
ACTION EA-10

INFO OCT-01 ISO-00 NSC-05 NSCE-00 COME-00 CIAE-00 HEW-02

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R 250945Z OCT 74  
FM USLO PEKING  
TO SECSTATE WASHDC 2603  
INFO AMCONSUL HONG KONG

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E.O. 11652: N/A  
TAGS: ETRD, CH, US  
SUBJECT: SHRIMP REJECTION PROBLEM: SEABROOK TALKS AT THE CANTON FAIR

REF: A) PEKING 1795; B) STATE 225820

1. Y.Y. WONG, HONG KONG AGENT FOR SEABROOK FOODS PROVIDED USLO OFFICERS AT THE CANTON TRADE FAIR WITH THE FOLLOWING ACCOUNT OF HIS PRELIMINARY MEETINGS WITH CHINA NATIONAL CEREALS OILS AND FOODSTUFFS IMPORT AND EXPORT CORPORATION (CEROILFOOD), ON THE QUESTION OF USDA REJECTIONS OF PRC FROZEN SHRIMP. WONG SAID HIS MEETING WAS IN REPARATION FOR TALKS BETWEEN CEROILFOOD AND SEABROOK PRESIDENT MURRY BERGER WHO WILL ARRIVE IN CANTON NOVEMBER 4.

2. IN PRESENTING THEIR SIDE OF THE STORY THE CHINESE TOLD WONG THAT FOLLOWING NOTICE THAT THE SHRIMP HAD BEEN REJECTED, CEROILFOOD REPS IMMEDIATELY TESTED REMAINING EXPORT STOCKS WHICH WERE FOUND TO BE IN GOOD CONDITION. THEY ASSUMED, THEREFORE, THAT THE DECOMPOSITION FOUND BY THE FDA INSPECTORS MUST HAVE OCCURRED ENROUTE. THE CHINESE EVIDENCED LITTLE CONCERN ABOUT THE REJECTIONS, AND TOLD WONG THAT SALES TO THE US WERE CONTINUING WITH AT LEAST ONE CONTRACT ALREADY CONCLUDED AT THE CURRENT FAIR. (WONG LATER DISCOVERED THIS PURCHASE WAS MADE BY THE SUMMIT TRADING COMPANY, CANAL STREET, NEW YORK CITY THROUGH ITS HONG KONG AGENT.)

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3. IN REPLY, WONG TOLD THE CHINESE THAT THE USDA REJECTIONS WERE A SERIOUS MATTER WHICH COULD PRECLUDE FURTHER SALES TO LARGE IMPORTERS IN THE UNITED STATES. HE PROVIDED FULL DOCUMENTATION ON THE REJECTIONS AND POINTED OUT THAT EVEN IF SPOILAGE OCCURRED ENROUTE IT WAS STILL CEROILFOOD'S RESPONSIBILITY, SINCE THE SHRIMP WERE SOLD C.& F. HE ALSO INQUIRED ABOUT THE CHINESE INSURING FUTURE SHIPMENTS, BUT RECEIVED A CLEAR INDICATION THAT THEY WERE NOT INTERESTED.

4. IN RESPONSE TO WONG'S QUESTION ABOUT WHAT COULD BE DONE TO RESOLVE THIS PROBLEM, THE CHINESE SUGGESTED THAT SEABROOK ORGANIZE A DELEGATION OF COMPANY AND USDA EXPERTS TO VISIT THE PRC. WONG REPLIED THAT THIS WAS A MATTER TO BE DISCUSSED WHEN BERGER ARRIVED AT THE FAIR.

5. SO FAR AS WE KNOW, THE CHINESE HAVE INFORMED NEITHER WONG NOR ICD REP COOKSON (REF A) OF THEIR PARALLEL TALKS ON THIS PROBLEM WITH BOTH COMPANIES. IN ACCORDANCE WITH PARA 4 REFTEL B, USLO OFFICERS HAVE ALSO REFRAINED FROM MENTIONING THE SUBJECT. WE BELIEVE, HOWEVER, THAT AT SOME POINT THE TWO COMPANIES SHOULD BE INFORMED OF THIS SITUATION (PERHAPS IN WASHINGTON), AND, IF USG PERSONNEL ARE TO BE INVOLVED, SOME FORM OF COORDINATED APPROACH SHOULD BE WORKED OUT.BUSH

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